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**COUNTY OF LOS ANGELES  
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December 12, 2003

**AUDITOR-CONTROLLER  
BOARD AGENDA  
MATERIAL**

Meeting of December 16, 2003  
Agenda Item # 3

TO: Supervisor Don Knabe, Chairman  
Supervisor Gloria Molina  
Supervisor Yvonne Brathwaite Burke  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich

FROM: J. Tyler McCauley   
Auditor-Controller

SUBJECT: **DECEMBER 9, 2003 BOARD MEETING AGENDA ITEM 8 - AUDITS OF  
SHERIFF OVERTIME, DEPARTMENT OF HEALTH SERVICES BILLING  
AND COLLECTIONS AND COUNTY PUBLIC LIBRARY**

On December 9, 2003, your Board instructed the Auditor-Controller to report back in one week on audits that have been performed regarding the Sheriff Department's management of overtime, the Department of Health Services' (DHS) billing and collection process and the County Public Library's financial information. The instruction was related to a motion to request the County Quality and Productivity Commission to review these areas.

We have performed a number of audits that included recommendations in each of the noted areas. The following is a brief summary of our findings in our most recent reviews. In addition, attached are copies of our most recent reports on these issues.

**Sheriff Overtime**

**Sheriff Department Review Final Phase Report - July 7, 1997**

We noted a considerable number of personnel worked large amounts of overtime and that the Sheriff's Department had limited central monitoring. In addition, we noted that the Sheriff's actual overtime expenditures exceeded the amount budgeted by large amounts for the two years reviewed. Therefore, we recommended that the Sheriff improve overtime controls by developing more specific overtime usage guidelines, requiring formal justification, filling vacancies, and centrally monitoring overtime to ensure compliance with established guidelines.

We have also completed several follow-up reviews on our 1997 report. In our August 3, 2001 follow-up, we noted that the Sheriff's overtime costs were not increasing as rapidly as in past fiscal years. In addition, we noted that the Department had met their Fiscal Year 1999–2000 budget and continued recruiting personnel to fill vacancies to further reduce overtime. However, we continued to note instances where the Department's managers did not properly pre-approve all overtime.

In our June 25, 2002 follow-up of the 1997 report, we noted that the Sheriff summarized and discussed overtime usage on a weekly basis. The Sheriff's Department also continued its aggressive recruiting campaign to fill vacant positions. However, the Sheriff could not fill all positions due to the County hiring freeze and limited number of qualified candidates. In addition, we noted that a significant number of employees continued to work large amounts of overtime, proper pre-approval was not always obtained, and that the Sheriff under-budgeted overtime in three of the last four years.

In addition to our prior audit and follow-ups, an outside consultant has just completed a Board-requested review of the Sheriff's budget process, including the Sheriff's overtime budget. The consultants indicated that the primary cause for significant overtime budget variances is the lack of an accurate method to project overtime. The consultants recommended that the Sheriff consider developing a model for accurately projecting overtime. In addition, the consultants recommended that the Sheriff consider budgeting and tracking reimbursed overtime separately from other overtime. The Department is reimbursed for overtime for contract cities and other contracts or events. The consultant's final report will be issued to the Board within the next week. We have attached an excerpt from the draft of the consultant's report on the overtime issue.

### **DHS Billings and Collections**

#### **Consolidated Business Office – Accounts Receivable Write-Off and Adjustment Review - October 13, 1999**

The Consolidated Business Office (CBO) does billing and patient accounts receivable functions for three DHS facilities. Our review disclosed that CBO could improve their monitoring and billing functions. We recommended that CBO develop procedures to monitor billing adjustments, collection activities and unbilled Medi-Cal accounts. We also recommended implementation of additional controls to ensure timely and appropriate processing of accounts.

#### **Delinquent Self-Pay Account Collections Review - July 21, 2001**

We noted a lack of standardized collection procedures for self-pay accounts and weaknesses in DHS' self-pay collection data. We recommended that DHS develop and implement standard self-pay billing policies and consistent collection and tracking procedures among DHS facilities.

In November 2002, we issued a follow-up report on our July 21, 2001 report on Delinquent Self-Pay Accounts. We noted that DHS had taken action to implement three of the eight recommendations related to billing policies and procedures. However, DHS still needed to take additional action to ensure that the recommendations related to tracking and monitoring self-pay accounts, the development of other self-pay policies and the other remaining recommendations were fully implemented.

### **Public Library Financial Controls**

#### **Public Library Fiscal Review - November 21, 2002**

We completed a comprehensive review of the Public Library's fiscal operations and noted instances where the Library could improve internal controls and compliance with County fiscal policies and procedures in areas including cash handling, expenditure accounting, procurement and payment practices and contracting. The report included recommendations on expenditure accruals, commitments, travel expenditures, separation of cash handling duties, cash purchasing discounts, overtime controls and contract monitoring.

Because the areas addressed in the Board motion have been recently reviewed, the Board may want to request each department to provide the Board with a status on the recommendations in the audit reports, rather than have the Quality and Productivity Commission perform additional reviews at this time.

If you have any questions, please call me or have you staff contact DeWitt Roberts at (626) 293-1103.

Attachments

JTM:DR:JS

c: David E. Janssen, Chief Administrative Officer  
Leroy D. Baca, Sheriff  
Thomas L. Garthwaite, M.D., Director and Chief Medical Officer, DHS  
Margaret Donnellan Todd, County Librarian  
Violet Varona-Lukens, Executive Officer  
Audit Committee